BORDENTOWN SEWERAGE AUTHORITY
REPORT OF AUDIT
FOR THE FISCAL YEARS ENDED
NOVEMBER 30, 2019 AND 2018

BORDENTOWN SEWERAGE AUTHORITY
REPORT OF AUDIT
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

The Chairwoman and Members of the
Bordentown Sewerage Authority
954 Farnsworth Avenue
Bordentown, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Bordentown Sewerage Authority, County of Burlington, State of New Jersey, as of and for the fiscal year ended November 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Bordentown Sewerage Authority, County of Burlington, State of New Jersey, as of November 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bordentown Sewerage Authority's basic financial statements. The accompanying schedule of revenues and expenses – budget to actual is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements. The other supplementary information, such as the statement of miscellaneous revenue and analysis of consumer accounts receivable, are also presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The accompanying schedule of revenues and expenses – budget to actual, the statement of miscellaneous revenue and analysis of consumer accounts receivable are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of revenues and expenses – budget to actual, the statement of miscellaneous revenue and analysis of consumer accounts receivable are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Prior Period Financial Statements

The financial statements as of November 30, 2018, were audited by other auditors whose report dated August 15, 2019, expressed an unmodified opinion on the regulatory basis of accounting.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020 on our consideration of the Bordentown Sewerage Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bordentown Sewerage Authority's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Medford, New Jersey
June 30, 2020

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Chairwoman and Members of the
Bordentown Sewerage Authority
954 Farnsworth Avenue
Bordentown, New Jersey 08505

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Bordentown Sewerage Authority (herein referred to as "the Authority") as of and for the year ended November 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Medford, New Jersey
June 30, 2020

The Bordentown Sewerage Authority
Management Discussion and Analysis
For The Fiscal Year Ending
November 30, 2019 and 2018
(Unaudited)

The Bordentown Sewerage Authority (the "Authority") is a public body corporate and politic, created pursuant to N.J.S.A. 40:14A-1 *et seq.* to provide wastewater collection, treatment and disposal services within the City of Bordentown and the Township of Bordentown in the County of Burlington, New Jersey. This section of the Authority's annual financial report provides management's discussion and analysis of the financial performance for fiscal years ending November 30, 2019, 2018 and 2017. The entire annual financial report consists of five parts: the Independent Auditor's Report, the Management Discussion and Analysis, the Financial Statements, the Supplemental Information, and the Single Audit Section when applicable.

FINANCIAL HIGHLIGHTS

The following selected operating information is presented for the year ended November 30, 2019 (FY19).

Total Operating Revenue: Total operating revenues for FY19 were $5,330,136, which is an increase of $361,184 from FY18, resulting primarily from an increase in connection fees and user charges. Total operating revenues for FY18 were $4,968,952, which is an increase of $417,812 from FY17, resulting primarily from an increase in connection fees and user charges.

Total Operating Expenses: Total operating expenses for FY19 were $4,341,408, which is a decrease of $112,623 over FY18. Total operating expenses for FY18 were $4,454,031, which is an increase of $56,152 over FY17.

Connection Fees: Connection fee revenues for FY19 were $907,918, which is an increase of $233,790 from FY18. Connection fee revenues for FY18 were $674,128, which is an increase of $166,068 from FY17.

Debt Service: Principal paid in FY19 was $1,688,922 compared to $1,633,922 paid in FY18 and $1,583,922 paid in FY17. Interest paid for FY19 was $493,545 compared to $564,730 paid in FY18 and $600,426 paid in FY17. Total debt service payments will remain relatively the same for the next year.

Total Assets & Deferred Outflows: Total assets and deferred outflows at the end of FY19 were $31,853,771. After deducting liabilities and deferred inflows of resources and adding deferred outflows of resources, net position totaled $8,121,922. At the end of FY18, total assets and deferred outflows were $31,704,790 and net position was $7,378,362. The decrease in net position can be primarily contributed to the implementation of GASB 75 in relation to the Other Post-employment benefits liability and related deferred outflows and inflows. At the end of FY17, total assets and deferred outflows were $32,913,363 and net position was $11,173,917. The decrease in net position can be primarily contributed to the implementation of GASB 75 in relation to the Other Post-employment benefits liability and related deferred outflows and inflows.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements contain information about the Authority as a whole using accounting methods similar to those used by private-sector companies. Since the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The comparative statement of net position includes all of the Authority's assets and liabilities. Net position, the difference between the Authority's assets and liabilities, is a measure of the Authority's financial health.

The statement of revenues, expenses and changes in fund net position provides a breakdown of the various areas of revenues and expenses encountered during the current year.

The statement of cash flows provides a breakdown of the various sources of cash, categorized into four areas: cash flows from operating activities, non-capital financing activities, capital and related financing activities and investing activities.

SUMMARY OF FINANCIAL STATEMENTS

Total assets, total liabilities and net position of the Authority, as of November 30, are summarized below:

	2019	2018	2017
Assets:			
Current Assets	$ 5,756,907	$ 4,199,762	$ 5,074,710
Restricted Assets	5,915,229	5,807,329	5,543,411
Capital Assets - Net	19,512,921	20,892,411	21,226,324
Total Assets	31,185,057	30,899,502	31,844,445
Deferred Outlflows of Resources:			
Unamortized Charge on Refunding Bonds	$ 196,005	$ 242,939	$ 306,307
Deferred Outflows of Resources- OPEB	104,882	53,598	-
Deferred Outflows of Resources- Pensions	367,827	508,751	762,611
Total Deferred Outflows of Resources	668,714	805,288	1,068,918
Liabilities:			
Current Liabilities	$ 4,938,059	$ 3,551,899	$ 3,869,583
Long-Term Liabilities - Net	16,005,250	18,335,818	17,292,721
Total Liabilities	20,943,309	21,887,717	21,162,304
Deferred Inflows of Resources:			
Deferred Inflows of Resources- OPEB	$ 1,944,992	$ 1,622,114	$ -
Deferred Inflows of Resources- Pensions	843,548	816,593	575,283
Total Deferred Inflows of Resources	2,788,540	2,438,707	575,283
Net Position:			
Net Investment in Capital Assets	$ 7,086,042	$ 6,789,163	$ 5,573,501
Restricted Accounts	5,804,550	5,804,550	5,757,404
Unrestricted Net Position	(4,768,670)	(5,215,351)	(156,988)
Total Net Position	8,121,922	7,378,362	11,173,917

The Authority had a net operating income (total operating income less operating expenses) of $988,728 in FY19. Combined with the net non-operating expenses (total non-operating income less non-operating expenses) of $245,168, net position increased by $743,560 in the current year.

The revenues, expenses and change in net position of the Authority are summarized below:

	2019	2018	2017
Operating Revenues:			
User Charges and Fees	$ 4,265,218	$ 4,177,917	$ 3,914,407
Delinquent Penalties	20,508	20,362	20,446
Connection Fees	907,918	674,128	508,060
Miscellaneous	136,492	96,545	108,227
Total Operating Revenues	5,330,136	4,968,952	4,551,140
Operating Expenses:			
Operating Expenses	2,625,673	2,724,753	2,668,601
Depreciation Expense	1,715,735	1,729,278	1,718,623
Total Operating Expenses	4,341,408	4,454,031	4,387,224
Operating Income/ (Loss)	988,728	514,921	163,916
Non-Operating Revenues (Expenses):			
Investment Income / (Loss)	260,930	102,248	95,839
Loan Cancellation	34,972	-	-
Interest/Amortization Expense	(541,070)	(628,785)	(682,411)
Contributed Capital	-	955,014	318,818
Total Non-Operating Revenues (Expenses)	(245,168)	428,477	(267,754)
Income/(Loss)	743,560	943,398	(103,838)
Net Position, December 1	7,378,362	11,173,917	11,277,755
Prior Period Restatement	-	(4,738,953)	-
Net Position, December 1 as Restated	7,378,362	6,434,964	11,277,755
Net Position, November 30	$ 8,121,922	$ 7,378,362	$ 11,173,917

ANALYSIS OF FINANCIAL CONDITION

Overall, the Authority is in sound financial condition, due in part, to its policies of prudent planning, preventative maintenance, fiscal responsibility and avoiding an undue reliance on connection fees to meet the Authority's financial obligations. The Authority believes that it must be financially able to afford operating expenses, debt service and capital expenditures without a substantial reliance on connection fee revenue.

OPERATING ACTIVITIES

The condensed statement of revenues, expenses, and changes in net position provides information as to the nature and source of changes in financial position. The statement shows that operating revenues in 2019 increased by $361,184 or 7.27% and operating expenses, before depreciation expense, decreased $99,080 or 3.64% from 2018. The items, which were responsible for the major changes in net position for the year ended November 30, 2019, include a $233,790 increase in connection fees and $87,301 increase in user charges.

The statement also shows that operating revenues in 2018 increased by $417,812 or 9.18% and operating expenses, before depreciation expense, increased $56,152 or 2.10% over 2017.

CAPITAL ASSETS

The following table summarizes the changes in capital assets at November 30, 2019, 2018 and 2017:

Capital Assets, Net of Depreciation

Year Ended November 30	**2019**	**2018**	**2017**
Land and Buildings	$ 19,535,503	$ 19,439,205	$ 19,389,926
Tanks, Pump Stations and Mains	32,252,162	32,102,054	31,009,518
Other	8,009,252	7,919,413	7,698,043
	59,796,917	59,460,672	58,097,487
Less: Accumulated Depreciation	40,283,996	38,568,261	36,871,163
Total Capital Assets, Net of Depreciation	$ 19,512,921	$ 20,892,411	$ 21,226,324

At November 30, 2019, the Authority's investment in capital assets was $19,512,921 (net of accumulated depreciation) which represents a decrease of $1,379,490 when compared to November 30, 2018 as a result of depreciation expense exceeding fixed asset purchases and capital contributions. At November 30, 2018, the Authority's investment in capital assets was $20,892,411 (net of accumulated depreciation) which represents an increase of $333,913 when compared to November 30, 2017 as a result of fixed asset purchases and capital contributions exceeding depreciation expense.

The Authority's capital expenditures are expected to increase based on the five-year capital program adopted along with the annual budget for the fiscal year ending November 30, 2019 shown below.

The proposed Capital Budget for FY20 is $950,600. The major items constituting the capital budget are as follows.

Plant and System Repairs	$ 600,000
Collection System Upgrades	145,000
Lab Equipment	20,000
Vehicle Replacement	35,000
	$ 800,000

The proposed 2021 to 2025 Capital Budget is $3,775,000. Future major capital projects, which are essential to the continuing efficient operation of its system by the Authority, include:

Collection System Upgrade	$ 800,000
Plant and System Repairs	2,250,000
Vehicle Replacement	675,000
Laboratory Equipment	50,000
	$ 3,775,000

DEBT ADMINISTRATION

The Authority's outstanding bonds and loans payable (excluding bond premium and discounts) is $12,591,971 at November 30, 2019, a decrease of $1,723,894 when compared to the $14,315,865 at November 30, 2018. The Authority's outstanding bonds and loans payable (excluding bond premium and discounts) is $14,315,865 at November 30, 2018, a decrease of $1,633,922 when compared to the $15,949,787 at November 30, 2017. Interest on these bonds and loans is paid semi-annually with interest rates ranging from 2.37% to 5.50%.

CONTACTING THE AUTHORITY

This financial report is designed to provide the State of New Jersey, residents and customers within the City of Bordentown and Township of Bordentown and holders of Authority bonds, with a general overview of the Authority's finances. Any additional information may be obtained by contacting:

The Bordentown Sewerage Authority
954 Farnsworth Ave
P.O. Box 396
Bordentown, N.J. 08505
(609) 291-9105

BASIC FINANCIAL STATEMENTS

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Exhibit A

BORDENTOWN SEWERAGE AUTHORITY
STATEMENTS OF NET POSITION
NOVEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 5,591,297	$ 4,071,489
Accounts Receivable:		
Consumer Accounts Receivable	157,171	119,886
Prepaid Expenses	8,439	8,387
Total Current Assets	5,756,907	4,199,762
Noncurrent Assets:		
Restricted Assets:		
Revenue Account		
Cash and Cash Equivalents	5,489	5,870
Operating Account		
Cash and Cash Equivalents	1,099,783	1,058,332
Debt Service Account		
Cash and Cash Equivalents	1,994,054	1,964,160
Debt Service Reserve Account		
Cash and Cash Equivalents	636,876	124,497
Investments	1,627,168	2,152,611
Renewal and Replacement Account		
Cash and Cash Equivalents	550,000	500,000
Unexpended Bond Proceeds		
Accrued Interest Receivable	1,859	1,859
Total Restricted Assets	5,915,229	5,807,329
Capital Assets		
Land	2,264,000	2,264,000
Buildings, Plant and Equipment		
(Net of Accumulated Depreciation)	17,248,921	18,628,411
Total Capital Assets	19,512,921	20,892,411
Total Assets	31,185,057	30,899,502
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Charge on Refunding Bonds	196,005	242,939
Deferred Outflows of Resources Related to Other Postemployment Benefits	104,882	53,598
Deferred Outflows of Resources Related to Pensions	367,827	508,751
Total Deferred Outflows of Resources	668,714	805,288
Total Assets and Deferred Outflows of Resources	$ 31,853,771	$ 31,704,790

The accompanying notes are an integral part of this statement.

Exhibit A
(continued)

BORDENTOWN SEWERAGE AUTHORITY
STATEMENTS OF NET POSITION (CONTINUED)
NOVEMBER 30, 2019 AND 2018

	2019	2018
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 125,244	$ 124,319
Payroll Deductions Payable	487	2,722
Deposits for Connection Fees	2,689,495	1,241,789
Developers' Escrow Deposits	117,395	201,283
State Unemployment Compensation	18,393	22,590
Total Current Liabilities Payable	2,951,014	1,592,703
Current Liabilities Payable From Restricted Assets:		
Revenue Bonds Payable - Current Portion	1,740,922	1,688,922
Accrued Interest Payable on Bonds	246,123	270,278
Total Current Liabilities Payable From Restricted Assets	1,987,045	1,959,200
Noncurrent Liabilities		
Revenue Bonds Payable	10,881,962	12,657,265
Compensated Absences	61,306	87,967
Net Other Postemployment Benefits Liability	2,786,020	3,176,720
Net Pension Liability	2,275,962	2,413,866
Total Noncurrent Liabilities	16,005,250	18,335,818
Total Liabilities	20,943,309	21,887,721
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Other Postemployment Benefits	1,944,992	1,622,114
Deferred Inflows of Resources Related to Pensions	843,548	816,593
Total Deferred Inflows of Resources	2,788,540	2,438,707
NET POSITION		
Net Investment in Capital Assets	7,086,042	6,789,163
Restricted Net Position:		
Reserved for Bond Service	1,987,044	1,959,200
Reserved for Bond Reserve	2,245,567	2,245,567
Reserved for Operating Costs	1,118,968	1,099,783
Reserved for Renewal and Replacement	550,000	500,000
Unrestricted Net Position	(4,865,699)	(5,215,351)
Total Net Position	8,121,922	7,378,362
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 31,853,771	$ 31,704,790

The accompanying notes are an integral part of this statement.

BORDENTOWN SEWERAGE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019 AND 2018

	2019	2018
Operating Revenues		
User Charges and Fees	$ 4,265,218	$ 4,177,917
Delinquent Penalties	20,508	20,362
Connection Fees	907,918	674,128
Miscellaneous	136,492	96,545
Total Operating Revenues	5,330,136	4,968,952
Operating Expenses:		
Personnel Services	979,150	989,251
Employee Benefits	474,382	628,655
Administrative Expenses	338,389	335,672
Operations and Maintenance	833,752	771,175
Depreciation	1,715,735	1,729,278
Total Operating Expenses	4,341,408	4,454,031
Operating Income	988,728	514,921
Non-Operating Revenues(Expenses):		
Investment Income/(Loss)	260,930	102,248
Loan Cancellation	34,972	-
Interest/Amortization Expense	(541,070)	(628,785)
Contributed Capital	-	955,014
Total Non-Operating Revenues(Expenses)	(245,168)	428,477
Change in Net Position	743,560	943,398
Net Position, December 1	7,378,362	11,173,917
Prior Period Restatement	-	(4,738,953)
Net Position, December 1, as Restated	7,378,362	6,434,964
Net Position, November 30	$ 8,121,922	$ 7,378,362

The accompanying notes are an integral part of this statement.

BORDENTOWN SEWERAGE AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities:		
Cash Received from Customers and Users	$ 6,656,669	$ 4,638,771
Cash Payments for Goods and Supplies	(1,266,831)	(1,042,805)
Cash Payments for Employee Expenses	(1,480,193)	(1,611,523)
Net Cash Provided by Operating Activities	3,909,645	1,984,443
Cash Flows From Capital and Related Financing Activities:		
General and Construction Outlays	(360,400)	(408,170)
Debt Service:		
Principal	(1,688,922)	(1,633,922)
Interest	(493,545)	(564,370)
Net Cash Used by Capital and Related Financing Activities	(2,542,867)	(2,606,462)
Cash Flows From Investing Activities:		
Investment Income	260,930	102,248
Net Change in Investments	525,443	(166,455)
Net Cash Used by Investing Activities	786,373	(64,207)
Net Cash Decrease for the Year	2,153,151	(686,226)
Cash at Beginning of Year	7,724,348	8,410,574
Cash at End of Year	$ 9,877,499	$ 7,724,348

The accompanying notes are an integral part of this statement.

BORDENTOWN SEWERAGE AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019 AND 2018

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	**2019**	**2018**
Operating Income	$ 988,728	$ 514,921
Adjustments to Reconcile Operating Income		
to Net Cash Provided by Operating Activities:		
Depreciation	1,715,735	1,729,278
Additional Other Postemployment Benefits Expense Per GASB 75	29,975	6,283
Additional Pension Expense Per GASB 68	(119,106)	43,038
(Increase)/Decrease in:		
Accounts Receivable	(37,285)	28,071
Prepaid Expenses	(52)	26
(Decrease)/Increase in:		
Accounts Payable	925	8,838
Payroll Deductions Payable	(2,235)	2,722
Debt Cancellation	(34,972)	-
Deposits for Connection Fees	1,447,706	(267,291)
Developers' Escrow Deposits	(83,888)	(90,961)
Reserve for Unemployment Insurance	(4,197)	3,135
Compensated Absences	(26,661)	6,383
Total Adjustments	2,920,917	1,469,522
Net Cash Provided by Operating Activities	$ 3,909,645	$ 1,984,443

Reconciliation of Cash to the Statement of Net Position

	2019	2018
Current Assets:		
Cash	$ 5,591,297	$ 4,071,489
Restricted Assets:		
Cash	4,286,202	3,652,859
	$ 9,877,499	$ 7,724,348

The accompanying notes are an integral part of this statement.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bordentown Sewerage Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Reporting Entity

The Bordentown Sewerage Authority, a public body corporate and politic of the State of New Jersey, was created by virtue of an ordinance duly adopted on June 10, 1986 by the Authority Committee of the Authority of Bordentown and an ordinance duly adopted on June 9, 1986 by the Board of Commissioners of the City of Bordentown.

The Authority was created in order to provide an agency for the collection, treatment and disposal of all sewage generated within the City and the Authority of Bordentown. The Authority is a legally separate entity and does not satisfy the criteria established by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80., defining a component unit.

Basis of Presentation

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles ("GAAP") applicable to enterprise funds of State and Local Governments on a going concern basis.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, accountability or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflow or outflow of resources associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt and unrestricted components.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Sewer service charges are recognized as revenue when services are provided. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that sewage collection services are being provided to the properties.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with *N.J.A.C. 5:31-2. N.J.A.C. 5:31-2* requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt no later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year by resolution of the Board of Commissioners. The budgetary basis of accounting is utilized to determine the Authority has sufficient cash to operate and pay debt service. As such, certain items such as bond payments are included in budgetary expenses while depreciation is not included.

The legal level of budgetary control is established at the detail shown on the Comparative Statements of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash in banks and may include petty cash and change funds. It may also include all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey Authorities are required by *N.J.S.A. 40A:5-14* to deposit public funds into a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States of America or State of New Jersey or the New Jersey Cash Management Fund. *N.J.S.A. 40A:5-15.1* provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required by *N.J.S.A. 17:9-41* to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the Authority's fiscal year end.

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased are stated at cost. Assets contributed by developer's are valued at estimated fair market value as of the date of contribution. Costs incurred for construction projects are recorded as construction in progress. In the year that the project is completed, these costs are transferred to capital assets. The Authority capitalizes assets that have an acquisition price of $500.

Depreciation is determined on a straight-line basis for all capital assets. Depreciation was provided over the following estimated useful lives:

	Years
Sewer mains	40
Buildings	40
Building renovations	20
Equipment	5-15

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated sick leave in the event of retirement from service at the current salary.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

The Authority receives payments for connection fees when new users connect to the sewer system. Since the Authority does not supply the user with supplies or services to make the physical connection, this would be considered a nonexchange transaction and recorded as deferred revenue under deposits for future claims. The Authority recognizes the revenue in the period that the user exercises their right to connect to the system.

Bond Discounts/Bond Premium

Bond discounts and bond premiums are deferred and amortized over the term of the bonds. Bond discounts are presented as a reduction of the face amount of the revenue bonds payable. Bond premium is presented as an addition to bonds payable.

Pension & OPEB Section

For purposes of measuring the net pension and other post-employment benefits liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits, and pension and other post-employment benefits expenses, information about the fiduciary net position of the Public Employees' Retirement System ("PERS"), the Other Post-Employment Benefits ("OPEB") and additions to/deductions from the PERS's and OPEB's fiduciary net position have been determined on the same basis as they are reported by the plan. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Income Taxes

The Authority operates as defined by Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Operating and Non-Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. Non-operating revenues primarily consist of interest income and on investments of securities.

Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. Non-operating expenses primarily include expenses attributable to the Authority's interest on debt, contribution to Authority and sales of capital assets.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amount.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2019:

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following effective dates have been updated to reflect the implementation of Statement No. 95.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Management does not expect this Statement to have a material impact on the Authority’s financial statements.

Statement No. 84, Fiduciary Activities. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the Authority’s financial statements.

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Authority’s financial statements.

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. This statement had no material impact on the Authority's financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact on the Authority's financial statements.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the Authority's financial statements.

Statement No. 91, Conduit Debt Obligations, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the Authority's financial statements.

Subsequent Events

Bordentown Sewerage Authority has evaluated subsequent events occurring after November 30, 2019 through June 30, 2020, which is the date the financial statements were available to be issued.

NOTE 2: REQUIRED ACCOUNTS AND DEBT SERVICE COVERAGE

The Authority is subject to the provisions and restrictions of the Bond Resolution adopted July 24, 1986 and supplemental resolutions thereto. A summary of the activities of each fund (account) created by the Bond Resolution is covered below.

Operating Fund – The amount of the Operating Requirement as of any particular date of computation is equal to the amount required for payment of operating expenses for the period of four months next following the date of computation as shown by the annual budget then in effect. The Authority shall make payment from time to time out of the Operating Fund of all amounts required for the operation, maintenance or repair of the System and for reasonable and necessary operating expenses.

Bond Service Fund – The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds, principal amounts of bonds maturing and sinking fund installments when such payments are required.

Bond Reserve Fund – The amount of funds on deposit must be maintained at a level equal to the maximum Debt Service to insure funds are available for payment of debt service.

Renewal and Replacement Fund – These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually. The minimum system reserve requirement is $150,000. By resolution of the governing body effective November 1, 1999, the minimum was increased to $400,000. On August 21, 2017, the governing body increased it to $450,000. On November 20, 2017, the governing body increased it to $500,000. On November 19, 2018, the governing body increased it to $550,000.

General Fund – All excess funds of the Authority are recorded in the General Account. If the Authority is not in default in the payment of the principal of, or interest on, or redemption price of bonds and all fund requirements are satisfied, funds in excess of the amounts reasonably required to be reserved for payment of bonds or necessary reconstruction of the system may be withdrawn by the Authority for any lawful purpose.

Construction Fund – This fund was established in accordance with Section 401 of the Bond Resolution and is inactive.

The Bond Resolution adopted July 24, 1986 and supplemental resolutions thereto require the establishment and funding of certain funds (accounts) as follows:

NOTE 2: REQUIRED ACCOUNTS AND DEBT SERVICE COVERAGE (continued)

	Amount Required	Balance at Year End	Excess or (Deficiency)
Bond Resolution Reserves:			
Operating Reserve Fund	$ 1,118,968	$ 1,099,783	$ (19,185)
Bond Service Fund	1,987,044	1,994,054	7,010
Bond Reserve Fund	2,245,567	2,264,044	18,477
Renewal and Replacement Fund	150,000	150,000	-
Local Reserves:			
Renewal and Replacement Fund	400,000	400,000	-

Section 612 of the 1986 Bond Resolution requires certain ratios of Net Revenues to Debt Service. Compliance with the covenant is calculated as follows:

	2019		2018	
Net Revenue:				
Operating Income (Exhibit B)	$ 899,597		$ 514,921	
Add: Depreciation Expense	1,715,735		1,729,278	
Interest Income	260,930		102,248	
Pension Expense Per GASB 68	(119,106)		43,038	
OPEB Expense Per GASB 75	29,975		6,283	
General Fund - Fund Balance	83,000	**	83,000	**
Net Revenues	$ 2,870,131		$ 2,478,768	
Debt Service:				
Interest Charges (Schedule I)	$ 493,545		$ 564,370	
Add: Bond Principal (Due 12/1) Ensuing	1,740,922		1,688,922	
Debt Service	$ 2,234,467		$ 2,253,292	
Net Revenues / **Debt Service**	2,870,131 / 2,234,467	= 1.28 *	2,478,768 / 2,253,292	= 1.10 *

* This ratio meets the required coverage of 110% of debt service.
** This represents the portion of the General Fund balance at November 30, 2019 and 2018 to meet the required coverage.

NOTE 3: CASH AND CASH EQUIVALENTS

This Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits held at November 30, 2019, reported at fair value, are as follows:

	2019	2018
Deposits:		
Demand Deposits	$ 9,877,499	$ 7,724,348
Total Deposits	$ 9,877,499	$ 7,724,348
Reconciliation to Statements of Net Position		
Current Assets:		
Cash and Cash Equivalents	$ 9,877,499	$ 7,724,348
Total Deposits	$ 9,877,499	$ 7,724,348

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, *N.J.S.A. 17:9-41* et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below. As of November 30, 2019, the Authority's bank balances were insured or exposed to credit risk as follows:

	2019	2018
Insured by FDIC and GUDPA	$ 9,724,807	$ 7,496,900
Uninsured and Collateralized with securities held by the pledging bank's trust department but not in the Authority's name.	157,363	257,299
	$ 9,882,170	$ 7,754,199

NOTE 4: ACCOUNTS RECEIVABLE

Consumer accounts receivable, net of unbilled receivables of $52,377, totaled $159,030 at November 30, 2019. Consumer accounts receivable consisted of unrestricted receivables entirely from customer accounts. Unbilled receivables represent the estimated amount of accounts receivable for services that have not been billed as of the balance sheet date. The amounts are a result of a timing difference between the end of the financial statement cycle (month end) and the billing cycle (various dates within the month for each billing period). The Authority believes that all receivables are collectible and has not established an allowance for doubtful accounts.

NOTE 5: INVESTMENTS

New Jersey authorities are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.A. 40A:5-15.1* provides a list of permissible investments that may be purchased by New Jersey authorities. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or other obligations of the local unit or units within which the Authority is located, bonds or other obligations approved by the Division of Investment in the Department of Treasury for investment by authorities, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. The Authority has no investment policy that would further limit its investment choices. As of November 30, 2019 and 2018, the Authority had the following investments and maturities:

Investment	Maturities	Fair Value Hierachy Level	Fair Value November 30, 2019	Fair Value November 30, 2018
Federal National Mortgage Association	5/25/2033	Level 1	$ 13,959	$ 13,549
Government National Mortgage Association	4/20/2039	Level 1	-	10,094
Federal National Mortgage Association	6/25/2042	Level 1	32,132	28,026
Federal Home Loan Mortgage Corp	8/15/2042	Level 1	57,038	54,489
Government National Mortgage Association	10/16/2042	Level 1	127,231	124,359
Federal National Mortgage Association	12/25/2042	Level 1	45,753	43,532
Freddic Mac	1/15/2043	Level 1	36,236	34,066
Federal Home Loan Mortgage Corp	3/15/2043	Level 1	111,641	107,034
Federal National Mortgage Association	6/15/2044	Level 1	88,409	-
Federal National Mortgage Association	7/25/2044	Level 1	111	21,643
Federal National Mortgage Association	2/25/2046	Level 1	177,291	249,820
Federal National Mortgage Association	9/25/2046	Level 1	120,672	122,125
Federal Home Loan Mortgage Corp	1/15/2047	Level 1	13,201	76,860
Federal National Mortgage Association	2/25/2047	Level 1	-	20,994
Federal National Mortgage Association	5/25/2047	Level 1	77,518	108,919
Federal National Mortgage Association	8/25/2047	Level 1	97,382	126,639
Federal National Mortgage Association	12/15/2047	Level 1	93,987	156,269
Federal National Mortgage Association	1/25/2048	Level 1	-	78,650
Federal National Mortgage Association	2/25/2048	Level 1	12,974	154,546
Federal National Mortgage Association	3/15/2048	Level 1	100,475	124,783
Federal National Mortgage Association	3/25/2048	Level 1	205,187	261,918
Government National Mortgage Association	6/20/2048	Level 1	110,202	115,339
Government National Mortgage Association	8/20/2048	Level 1	105,769	118,957
			$ 1,627,168	$ 2,152,611

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the

NOTE 5: INVESTMENTS (continued)

counterparty or the counterparty's trust department or agent but not in the Authority's name. The Authority's investments, totaling $1,627,168 and $2,152,611 as of November 30, 2019 and 2018 respectively, consist of U.S. Government Securities. All investments are held by TD Bank Trust Department in the name of the Authority.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by *N.J.S.A. 40A:5-15.1*, the Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure; however, investments are matched with anticipated cash flows to minimize interest rate risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by *N.J.S.A. 40A:5-15.1*, the Authority's investment policies place no limit on the amount the Authority may invest in any one issuer.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As stated in note 1, investments are purchased in accordance with *N.J.S.A. 40A:5-15.1*. Other than the rules and regulations promulgated by *N.J.S.A. 40A:5-15.1*, the Authority has no investment policy that would further limit its exposure to credit risk.

NOTE 6: CAPITAL ASSETS

The activity in capital assets for the year ended November 30, 2019 is as followed:

	Balance November 30, 2018	Additions	Retirements and Transfers	Balance November 30, 2019
Capital Assets not being depreciated:				
Land	$ 2,264,000	$ -	$ -	$ 2,264,000
Construction in Progress	5,226	-	(5,226)	-
Total Capital Assets not being depreciated	2,269,226	-	(5,226)	2,264,000
Capital Assets being depreciated:				
Buildings	17,175,205	96,298	-	17,271,503
Tanks	12,421,971	-	-	12,421,971
Pumping Stations	12,890,042	-	-	12,890,042
Force Mains	2,924,460	72,569	-	2,997,029
Gravity Mains	3,865,581	77,539	-	3,943,120
Computer Hardware and Software	152,709	2,041	-	154,750
Machinery and Equipment	7,717,626	93,024	-	7,810,650
Furniture and Fixtures	43,852	-	-	43,852
Total Capital Assets being depreciated	57,191,446	341,471	-	57,532,917
Less: Accumulated Depreciation:	(38,568,261)	(1,721,716)	5,981	(40,283,996)
Total Capital Assets being depreciated, net	18,623,185	(1,380,245)	5,981	17,248,921
Total Capital Assets, net	$ 20,892,411	$ (1,380,245)	$ 755	$ 19,512,921

NOTE 7: LIABILITIES

During the years ended November 30, 2019 and 2018, the following changes occurred in long-term obligations:

	Balance November 30, 2018	Additions	Reductions	Balance November 30, 2019	Balance Due Within One Year
Revenue Bonds Payable	$ 14,315,865	$ -	$ 1,723,894	$ 12,591,971	$ 1,740,922
Unamortized Bond Discounts	(59,757)	-	(14,333)	(45,424)	-
Unamortized Bond Premiums	90,079	-	13,742	76,337	-
Revenue Bonds Payable, Net	14,346,187	-	1,723,303	12,622,884	1,740,922
Compensated Absences	87,967	-	26,661	61,306	-
Net Other Postemployment Benefits Liability	3,176,720	-	390,700	2,786,020	-
Net Pension Liability	2,413,886	-	137,924	2,275,962	-
	$ 20,024,760	$ -	$ 2,278,588	$ 17,746,172	$ 1,740,922

NOTE 7: LIABILITIES (continued)

Net Pension Liability

For details on the net pension liability, see the Pension Obligations in Note 8. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Compensated Absences

The employees of the Authority are entitled to thirteen paid sick leave days per year. Unused sick leave may be accumulated and carried forward to the subsequent year. Accumulated sick leave is not vested until retirement. Upon retirement the employee may receive payment for all accumulated sick leave at one-half (1/2) the employees' present daily rate up to a maximum of $15,000. Vacation and personal days accrue at a varying amount depending on the employee's length of service. Vacation and personal days not used during the year may be accumulated and carried forward as sick days.

For the years ended November 30, 2019, the Authority accrued compensated absences in the amount of $61,306.

Revenue Bonds Payable

The Revenue Bonds - **Series F, G, H, and I** dated September 1, 2003, March 10, 2010, November 2, 2010, and May 3, 2012 are direct obligations of the Authority. The Bonds are secured by a pledge of all revenues derived by the Authority from its operations, including payments, if any, made by the Authority and City of Bordentown pursuant to the 1986 service contract.

The proceeds of **Series F** Bonds were used to refund $11,475,000 of the then outstanding Revenue Bonds, Series D along with interest due November 1, 2003 and pay for costs of issuance. Series F Bonds were issued originally for $11,870,000 and carry interest rates ranging from 2.50% to 5.25% with a final maturity in 2020. Series F Bonds maturing on or after November 1, 2014 are subject to redemption prior to maturity at the option of the Authority at any time on and after November 1, 2013 at the Redemption Price of par.

The proceeds of **Series G-ARRA and Series G-Traditional** Bonds were used to fund various capital projects. The **Series G-ARRA** funding totaled $1,527,015 to finance the cost of new screw pumps. Of that amount ARRA principal forgiveness amounted to $768,010. The balance of $759,005 was funded through the New Jersey Environmental Infrastructure Financing Program (NJEIT), the Trust Loan portion and carries interest on $375,000 with rates ranging from 3.00% to 5.00%. The remaining $384,005 is the ARRA Fund Loan portion through NJEIT, and is interest free. Final principal payments are due in fiscal year 2029. As of November 30, 2019, the Trust Loan principal outstanding balance is $206,000 and the Fund Loan principal outstanding is $195,257.

The **Series G-Traditional** Bonds were issued for $1,422,944 for various capital projects. Of that amount $350,000 is funded through NJEIT, the Trust Loan portion and carries interest rates ranging from 3.00% to 5.00%. The remaining $1,072,944 is the NJEIT Fund Loan portion, and is interest free. Final principal payments are due in fiscal year 2029. As of November 30, 2019, the Trust Loan principal outstanding balance is $209,000 and the Fund Loan principal outstanding is $333,605.

NOTE 7: LIABILITIES (continued)

Revenue Bonds Payable (continued)

The proceeds of **Series H** Bonds were used to refund $12,955,000 of the then outstanding Revenue Bonds, Series E and pay for costs of issuance. Series H Bonds were issued originally for $13,500,000 and carry interest rates ranging from 2.375% to 4.375% with a final maturity in 2025. Series H Bonds maturing on or after November 1, 2014 are subject to redemption prior to maturity at the option of the Authority at any time on and after November 1, 2013 at the Redemption Price of par.

The proceeds of **Series I-Traditional** Bonds were issued for $2,205,680 and used to fund various Energy Audit Improvements. Of that amount ARRA principal forgiveness amounted to $448,560. The balance of $1,757,120 was funded through the New Jersey Environmental Infrastructure Financing Program (NJEIT), the Trust Loan portion and carries interest on $860,000 with rates ranging from 3.00% to 5.00%. The remaining $897,120 is the Fund Loan portion, and is interest free. Final principal payments are due in fiscal year 2031. As of November 30, 2019, the Trust Loan principal outstanding balance is $650,000 and the Fund Loan principal outstanding is $598,110.

Bond Discount and Bond Premium: Bond discount includes original issue discounts paid at the time on Series H. Series F, G, and I Bonds were issued at a premium. Bond discount is being amortized over the life of the bonds using the outstanding principal method. Bond premium is being amortized using the effective interest method. The unamortized balances of bond premium and bond discounts are presented net with long term debt.

The following is a summary of remaining long-term revenue bond payments, excluding bond discounts and premiums:

Year Ending November 30,	Principal	Interest	Total
2020	$ 1,740,922	$ 491,985	$ 2,232,907
2021	1,815,922	423,630	2,239,552
2022	1,530,922	352,860	1,883,782
2023	1,595,922	291,036	1,886,958
2024	1,664,922	226,463	1,891,385
2025-2029	4,013,651	981,933	4,995,584
2030-2031	229,710	5,129	234,839
	$ 12,591,971	$ 2,773,036	$ 15,365,007

NOTE 7: LIABILITIES (continued)

Defeasance of Debt

On January 15, 1991, the Authority advance refunded a portion of the **Series A and B** Bonds by placing a portion of the **Series C** Bonds in an irrevocable trust with an escrow agent to provide for debt service payments on a portion of the Series A and B Bonds. Accordingly, those portions of the Revenue Bonds are considered defeased and the remaining liability of $12,250,000 for those bonds was removed from the financial statements.

Also in 1991, the Authority placed $1,196,256.31 of excess construction and general account funds in an irrevocable trust with an escrow agent to provide for the principal and interest payments for the Series A and B Revenue Bonds through November 1, 1994. Consequently, those portions of the Bonds were defeased and the remaining liability of $820,000 was removed from the financial statements.

On July 1, 1993 the Authority advance refunded the remaining portion of the **Series A** Bonds and a portion of the **Series B** Bonds by placing the **Series D** Bond proceeds in an irrevocable trust with an escrow agent to provide for debt service payments on the designated maturities of the Series A and B Bonds. Accordingly, those portions of the Series A and B Bonds were considered defeased and the liability of $13,280,000 for those bonds was removed from the financial statements.

On September 15, 2000, the Authority issued **Series E** Revenue Bonds of $13,645,000 with interest rates ranging from 4.4% to 5.5% to refund a portion of **Series C** Bonds with interest rates ranging from 6.40% to 6.8% by placing a portion of the **Series E** Bonds in an irrevocable trust with an escrow agent to provide for debt service payments on the remaining balance of **Series C** Bonds. The refunding met the requirement of an in-substance debt defeasance and the remaining liability of $13,565,000 of the Series C Bonds is removed from the financial statements. The loss on the early retirement of debt (difference between the book value of the refunded debt and the amount required to retire the debt) is deferred and amortized over the remaining life of the old debt using the effective interest method. The deferred loss totaled $936,141. As a result of the refunding, the Authority reduced its total debt service requirements by $3,277,199, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,084,764.

On September 1, 2003, the Authority issued **Series F** Revenue Bonds of $11,870,000 with interest rates ranging from 2.50% to 5.25% to refund a portion of **Series D** Bonds with interest rates ranging from 5.0% to 5.4% by placing a portion of the Series F Bonds in an irrevocable trust with an escrow agent to provide for debt service payments on the remaining balance of Series D Bonds. The refunding met the requirement of an in-substance debt defeasance and the remaining liability of $11,475,000 of the Series D Bonds is removed from the financial statements. The loss on the early retirement of debt (difference between the book value of the refunded debt and the amount required to retire the debt) is deferred and amortized over the remaining life of the old debt using the effective interest method. The deferred loss totaled $758,419. As a result of the refunding, the Authority reduced its total debt service requirements by $561,791, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $413,791.

NOTE 7: LIABILITIES (continued)

Defeasance of Debt (continued)

On November 2, 2010, the Authority issued **Series H** Revenue Bonds of $13,500,000 with interest rates ranging from 2.375% to 4.375% to refund all of **Series E** Bonds with interest rates ranging from 4.95% to 5.50% by placing a portion of the Series H Bonds in an irrevocable trust with an escrow agent to provide for debt service payments on the remaining balance of Series E Bonds. The refunding met the requirement of an in-substance debt defeasance and the remaining liability of $12,955,000 of the Series E Bonds is removed from the financial statements. The loss on the early retirement of debt (difference between the book value of the refunded debt and the amount required to retire the debt) is deferred and amortized over the remaining life of the old debt using the effective interest method. The deferred loss totaled $332,679. As a result of the refunding, the Authority reduced its total debt service requirements by $1,037,491, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,014,782.

The deferred loss of $332,679 is added to the unamortized balance of the deferred loss of Series C refunded by Series E of $566,052. This total is amortized over the life of Series H Revenue Bonds. The unamortized balances of $196,005 are reported as Deferred Outflow of Resources at November 30, 2019. Amortization for the fiscal years ended November 30, 2019 was $46,934.

Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

NOTE 7: LIABILITIES (continued)

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were $5,637,151,775.00 and $8,182,092,807.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan

NOTE 7: LIABILITIES (continued)

member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial Fiscal Year Applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PERS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

* - Salary Increases are based on the defined benefit plan that the member is enrolled in and his or her age.

OPEB Obligation and OPEB (benefit) Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Authority's as of June 30, 2019 was $2,786,020. The Authority's proportionate share was $0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the Authority was based on projection of the State's long-term contributions to the OPEB plan associated with the Authority relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the Authority was 0.02057%, which was an increase of 0.00029% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized an OPEB (benefit) expense in the amount of $(38,839) for the State's proportionate share of the OPEB (benefit) expense attributable to the Authority. This OPEB (benefit) expense was based on the OPEB plans June 30, 2019 measurement date.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

NOTE 7: LIABILITIES (continued)

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Authority	$ 3,221,347.85	$ 2,786,020.00	$ 2,432,258.59
State of New Jersey's Total Nonemployer OPEB Liability	15,662,704,137.00	13,546,071,100.00	11,826,026,995.00

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

NOTE 7: LIABILITIES (continued)

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Authority	$ 2,351,057.54	$ 2,786,020.00	$ 3,340,887.84
State of New Jersey's Total Nonemployer OPEB Liability	11,431,214,644.00	13,546,071,100.00	16,243,926,531.00

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2019:

Collective Balances at December 31, 2019 and December 31, 2018

	11/30/2019	11/30/2018
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Collective Deferred Outflows of Resources	$ 11,158,226.00	$ 8,279,239.00
Collective Deferred Inflows of Resources	8,761,825,481.00	7,154,925,195.00
Collective Net OPEB Liability	13,546,071,100.00	15,666,618,141.00
Authority's Portion	0.020567%	0.020277%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2020	$ (1,425,201,517.00)
2021	(1,425,201,517.00)
2022	(1,426,076,187.00)
2023	(1,427,489,995.00)
2024	(1,428,781,861.00)
Thereafter	(1,617,916,178.00)
	$ (8,750,667,255.00)

NOTE 7: LIABILITIES (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for the 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At June 30, 2018, the Program membership consisted of the following:

	June 30, 2018
Active Plan Members	63,032
Retirees Currently Receiving Benefits	27,871
Total Plan Members	90,903

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

Service Cost	$ 666,574,660.00
Interest on the Total OPEB Liability	636,082,461.00
Change of Benefit Terms	(1,903,958.00)
Differences Between Expected and Actual Experience	(1,399,921,930.00)
Changes of Assumptions	(1,635,760,217.00)
Contributions From the Employer	(346,415,056.00)
Contributions From Non-Employer Contributing Entity	(43,854,500.00)
Net Investment Income	(4,826,936.00)
Administrative Expense	9,478,435.00
Net Change in Total OPEB Liability	(2,120,547,041.00)
Total OPEB Liability (Beginning)	15,666,618,141.00
Total OPEB Liability (Ending)	$ 13,546,071,100.00

NOTE 8: PENSION OBLIGATIONS

Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at http://www.state.nj.us/treasury/pensions/annual-reports.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

NOTE 8: PENSION OBLIGATIONS

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, the Authority's contractually required contribution to PERS plan was $122,895.

Components of Net Pension Liability - At December 31, 2019, the Authority's proportionate share of the PERS net pension liability was $2,275,962. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Authority's proportion measured as of June 30, 2019, was 0.01263% which was an increase of 0.00037% from its proportion measured as of June 30, 2018.

Balances at December 31, 2019 and December 31, 2018

	12/31/2019	12/30/2018
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	$ 367,827	$ 508,751
Deferred Inflows of Resources	843,548	816,593
Net Pension Liability	2,275,962	2,413,866
Authority's portion of the Plan's total Net Pension Liability	0.01263%	0.01226%

NOTE 8: PENSION OBLIGATIONS

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2019, the Authority's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2019 measurement date is $152,842. This expense is not recognized by the Authority because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Authority contributed $122,865 to the plan in 2019.

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 40,851	$ 10,054
Changes of Assumptions	227,263	789,979
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	35,927
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	99,713	7,588
	$ 367,827	$ 843,548

The Authority will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

NOTE 8: PENSION OBLIGATIONS

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

NOTE 8: PENSION OBLIGATIONS

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending Dec 31,		Amount
2020	$	(54,377)
2021		(136,457)
2022		(205,502)
2023		(73,603)
2024		(5,782)
	$	(475,721)

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

NOTE 8: PENSION OBLIGATIONS

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future

NOTE 8: PENSION OBLIGATIONS

benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Authority's Proportionate Share of the Net Pension Liability	$ 2,894,910	$ 2,275,962	$ 1,783,586

NOTE 9: RATE STRUCTURE/USER CHARGES/ACCOUNTS RECEIVABLE

The following is a comparison of sewer service billings, collections and receivables:

Fiscal Year	Ending Balance	Billings	Total Collections	Percentage of Collections
2019	$ 157,171	4,242,009	4,265,218	96.95%
2018	119,886	4,261,774	4,289,845	97.90%
2017	147,957	3,905,639	3,879,392	95.70%
2016	103,546	3,556,914	3,550,486	97.00%
2015	157,993	3,252,555	3,240,394	95.01%
2014	150,769	3,694,797	3,687,573	95.89%
2013	150,780	3,731,208	3,731,220	96.12%
2012	110,474	3,781,957	3,741,650	96.13%
2011	135,454	3,585,420	3,610,400	97.03%
2010	115,375	3,662,497	3,642,417	96.41%

NOTE 10: SERVICE AGREEMENTS

Under the 1986 Service Contract, should certain items of expense exceed certain items of receipt during any fiscal year, then upon certification by the Authority to the City and Authority of Bordentown not later than January 15, next succeeding the completion of such fiscal year of the amount of such excess, each municipality is obligated to pay to the Authority its proportionate share of such excess in an amount to be computed in accordance with the 1986 Service Contract.

At any time after five years from the date of the 1986 Service Contract, and after the payment in full of all obligations of the Authority, including all outstanding bonds, the 1986 Service Contract, upon two years notice to the Authority and to each of the municipalities, may be terminated by the Authority or either municipality.

NOTE 11: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

NOTE 12: DEFICIT IN NET POSITION

The Authority had a deficit in unrestricted net position in the amount of $(4,865,699) at November 30, 2019. The primary cause of this deficit is due to the recording of the net pension liability and other net postemployment benefit liability, as required by generally accepted accounting principle. If this was not required, the unrestricted net position before the net pension liability and net other postemployment benefit liability and deferred outflows and inflows related to pensions and other postemployment benefits would be $2,512,114 as of November 30, 2019. This deficit in unrestricted net position does not indicate that the Authority is facing financial difficulties.

NOTE 12: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between November 30, 2019 and June 30, 2020, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. Other than the following, no items have come to the attention of the Authority that would require disclosure.

<u>COVID-19</u>

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

NOTE 12: SUBSEQUENT EVENTS (continued)

In New Jersey, Governor Murphy by way of executive orders, has ordered, among other things: all State residents to remain home or at their place of residence unless they meet one or more enumerated exceptions; all State residents to practice social distancing; gatherings of individuals, such as parties, celebrations and social events, are cancelled; non-essential businesses to cease operations from 8:00 p.m. to 5:00 a.m.; all restaurants and bars to close except for delivery or takeout services; casinos, racetracks, gyms and fitness centers and entertainment centers to close; all county and municipal libraries to close; all business and non-profits to accommodate telework or work-from-home arrangements; the cessation of all non-essential construction projects; an extension of insurance premium grace periods; all Pre-K through 12 schools to close; all universities and colleges in the State to cease in-person instruction; The Authority expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread of and impacts of COVID-19.

The Authority cannot reasonably predict how long the outbreak may impact the financial condition or operations of the Authority, whether there will be any impact on the assessed values of property within the Authority or the deferral of tax payments to the Authority or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the Authority.

On March 24, 2020, the Division of Local Government Services in the New Jersey Department of Community Affairs extended the date for introduction of municipal budgets to April 28, 2020 (or the next regularly scheduled governing body meeting thereafter) and the date for municipal budget adoption to May 30, 2020 (or the next regularly scheduled governing body meeting thereafter). The New Jersey Legislature is considering legislation that, if enacted, would permit the extension of any additional deadlines under the Local Budget Law, the Local Fiscal Affairs Law and the laws with respect to the issuance of tax bills. Such proposed legislation would also permit municipalities to institute an extended grace period for the receipt of property tax payments and to extend the dates for the payment of taxes by a municipality due to a county, a school district or any other taxing district. A proposed amendment to such proposed legislation would also provide that any shortfall in the property tax payments received by the municipality would be borne *pro rata* by the municipality, the county and the school district(s). There can be no assurance that this legislation, or any other actions, will be enacted by the New Jersey Legislature. The Authority does not plan to issue any updates or revisions regarding this legislation, or any other actions enacted by the New Jersey Legislature, if or when such legislation or other actions are enacted.

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SUPPLEMENTARY INFORMATION

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EXHIBIT D-1

BORDENTOWN SEWERAGE AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS *

	Measurement Date Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset)	0.01263%	0.01226%	0.01231%	0.01229%	0.01201%	0.01158%	0.01131%
Authoritys proportionate share of the net pension liability (asset)	$ 2,275,961	$ 2,413,866	$ 2,865,998	$ 3,640,125	$ 2,696,349	$ 2,167,460	$ 2,162,135
Authority's covered-employee payroll	$ 865,843	$ 910,958	$ 835,482	$ 834,548	$ 819,967	$ 822,258	$ 811,580
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	262.86%	264.98%	343.04%	436.18%	328.84%	263.60%	266.41%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

* This schedule is presented to illistrate the requirement to show information for 10 years.However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

EXHIBIT D-2

BORDENTOWN SEWERAGE AUTHORITY
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS *

	Year Ended November 30,						
	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Contractually required contribution	$ 122,865	$ 121,944	$ 114,056	$ 109,188	$ 103,267	$ 95,436	$ 85,241
Contributions in relation to the contractually required contribution	(122,865)	(121,944)	(114,056)	(109,188)	(103,267)	(95,436)	(85,241)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 865,843	$ 910,958	$ 835,482	$ 834,548	$ 819,967	$ 822,258	$ 811,580
Contributions as a percentage of covered-employee payroll	14.19%	13.39%	13.65%	13.08%	12.59%	11.61%	10.50%

* This schedule is presented to illistrate the requirement to show information for 10 years.However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule III

BORDENTOWN SEWERAGE AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN
LAST FOUR FISCAL YEARS **

	Measurement Date Ended June 30,			
	2019	**2018**	**2017**	**2016**
Authority's proportion of the other postemployment benefit liability (asset)	0.02057%	0.02028%	0.02002%	0.02107%
Authority's proportionate share of the net other postemployment benefit liability (asset)	$ 2,786,020	$ 3,176,720	$ 4,086,424	$ 4,575,001
Authority's covered-employee payroll	$ 865,843	$ 910,958	$ 834,548	$ 819,967
Authority's proportionate share of the net other postemployment benefit liability (asset) as a percentage of its covered-employee payroll	321.77%	348.72%	489.66%	557.95%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	1.98%	1.97%	1.03%	0.69%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

BORDENTOWN SEWERAGE AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
November 30, 2019

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

State Health Benefit Local Retired Employees Plan (OPEB)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

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BORDENTOWN SEWERAGE AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

	Original Budget	Transfers +, (-)	Modified Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Operating Revenues:						
Retained Earnings Appropriated	$ -	$ -	$ -	$ -	$ -	$ -
User Charges and Fees	4,183,637	-	4,183,637	4,265,218	81,581	4,177,917
Delinquent Penalties	-	-	-	20,508	20,508	20,362
Connection Fees	802,132	-	802,132	907,918	105,786	674,128
Miscellaneous	55,000	-	55,000	136,492	81,492	96,545
Total Operating Revenues	5,040,769	-	5,040,769	5,330,136	289,367	4,968,952
Operating Expenses:						
Personnel Services:						
Board Salaries	3,000	-	3,000	3,000	-	3,000
Administrative Salaries	301,500	-	301,500	274,980	26,520	263,265
Plant Salaries	788,000	2,000	790,000	701,170	88,830	722,986
	1,092,500	2,000	1,094,500	979,150	115,350	989,251
Employee Benefits:						
Public Employees Retirement System	121,200	1,279	122,479	272,482	(150,003)	123,329
Social Security	86,023	-	86,023	70,912	15,111	71,706
Unemployment/Disability	3,000	-	3,000	608	2,392	511
Health Benefits	359,950	-	359,950	229,989	129,961	227,804
Health Benefits - Retirees	100,000	-	100,000	(83,261)	183,261	65,942
Other Employee Benefits	125,277	38	125,315	72,783	52,532	90,042
	795,450	1,317	796,767	563,513	233,254	579,334
Administrative Expenses:						
Office Expense	97,000	4,200	101,200	89,035	12,165	81,190
Insurance	110,000	-	110,000	101,200	8,800	104,475
Legal	65,000		65,000	56,960	8,040	56,400
Engineering	40,000		40,000	14,162	25,838	22,165
Auditing	45,000	-	45,000	24,937	20,063	23,730
Miscellaneous Administrative Expenses	42,000	2,899	44,899	32,684	12,215	30,258
Telephone	11,000	400	11,400	11,111	289	9,155
Trustee Expense	9,000	-	9,000	8,300	700	8,300
	419,000	7,499	426,499	338,389	88,110	335,673
Operations and Maintenance:						
Utilities	387,500	(43,687)	343,813	285,703	58,110	295,047
Repairs to Plants & Collection System	55,000	5,000	60,000	51,641	8,359	32,685
Alarms	17,600	6,000	23,600	21,691	1,909	16,511
Chemicals	177,000	15,000	192,000	187,514	4,486	149,428
Plant and Lab Supplies	22,500	1,670	24,170	15,910	8,260	11,835
Other Repairs and Maintenance	15,000	-	15,000	14,721	279	9,399
Vehicle Expense	38,100		38,100	31,263	6,837	28,638
Permits	35,000		35,000	18,898	16,102	19,102
Sludge Removal	205,000		205,000	170,883	34,117	176,761
Laboratory Analysis	28,400	2,400	30,800	24,974	5,826	25,097
Uniform Expense	6,300	2,801	9,101	9,101	-	5,295
Miscellaneous Other Expenses	5,000	-	5,000	1,453	3,547	1,376
	992,400	(10,816)	981,584	833,752	147,832	771,174
Bond Principal in Lieu of Depreciation	1,688,922	-	1,688,922	1,688,922	-	1,633,922
Total Operating Expenses	4,988,272	-	4,988,272	4,403,726	584,546	4,309,354

BORDENTOWN SEWERAGE AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

	Original Budget	Transfers +, (-)	Modified Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Other Sources and (Uses):						
Investment Income:						
Unrestricted Accounts	-	-	-	211,837	211,837	26,043
Restricted Accounts	100,000	-	100,000	49,093	(50,907)	76,205
Interest on Bonds	(547,701)	-	(547,701)	(493,545)	54,156	(564,370)
Other non-operating appropriations	(50,000)	-	(50,000)	-	50,000	-
Total Other Sources and (Uses)	(497,701)	-	(497,701)	(232,615)	265,086	(462,122)
Budgetary Revenues Over Expenses	$ (445,204)	$ -	$ (445,204)	$ 693,795	$ 1,138,999	$ 197,476
Reconciliation of Budgetary Basis to GAAP Basis:						
Excess from Above - Budgetary Basis				693,795		197,476
Budgeted Debt Principal				1,688,922		1,633,922
Depreciation				(1,715,735)		(1,729,278)
Debt Forgiveness				34,972		-
Amortization of Bond Discount, Premium and Early Retirement of Debt				(47,525)		(64,415)
Additional Other Postemployment Benefits Expense as Per GASB 75				(29,975)		(6,283)
Additional Pension Expense as Per GASB 68				119,106		(43,038)
Contributed Capital				-		955,014
Changes in Net Position				$ 743,560		$ 943,398

	Capital Funding				
Costs:					
Capital Outlay:					
Plant and System Repairs	745,600	(5,000)	740,600	164,885	575,715
Pump Stations/Collection Systems	160,000	5,000	165,000	150,108	14,892
Lab Equipment	10,000	-	10,000	2,041	7,959
Vehicle Replacement	35,000	-	35,000	24,437	10,563
Total Capital Outlay	950,600	-	950,600	341,471	609,129
Excess (Deficit) of Capital Funding Sources over (Under) Capital Costs	(950,600)	-	(950,600)	(341,471)	609,129

Schedule 2

BORDENTOWN SEWERAGE AUTHORITY
STATEMENTS OF MISCELLANEOUS REVENUE EARNED
FOR THE YEARS ENED NOVEMBER 30, 2019

		2019
Insurance Dividends - JIF	$	15,114
Insurance Reimbursement - Other		4,000
Waste Water Treatment Tipping Fees		40,127
Fines		33,000
Application Fees		210
Inspection Fees		750
New Customer and Turn-On/Off Fees		15,840
Review Fees		6,210
Miscellaneous		21,241
	$	136,492

Schedule 3

BORDENTOWN SEWERAGE AUTHORITY
ANALYSIS OF CONSUMER ACCOUNTS RECEIVABLE
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

Balance - December 1, 2018		$	119,886
Increased By:			
Billings:			
Rents	4,265,218		
Penalties	20,508		
Sludge	40,127		
Total increase			4,325,853
Subtotal			4,445,739
Decreased By:			
Collections			4,288,568
Balance - November 30, 2019		$	157,171
Accounts Receivable Aging:			
Current		$	140,461
30 Days			641
60 Days			123
90 Days			15,946
Total		$	157,171

BORDENTOWN SEWERAGE AUTHORITY
ROSTER OF OFFICIALS
NOVEMBER 30, 2019

MEMBERS	POSITION
M. Ellen Gulbinsky	Chairwoman
James E. Lynch, Jr.	Vice-Chairman
Joseph R. Malone, III	Secretary
Leonard J. de Groot	Treasurer
Aneka Miller	Assistant Secretary
Zigmont F. Targonski	Assistant Secretary

OTHER OFFICIALS	
Richard D. Eustace	Executive Director
Elizabeth J. Kwelty	Administrative Manager
Thomas M. Redwood	Operations Manager
Richard Czekanski of Remington & Vernick Engineers	Consulting Engineer
Thomas J. Coleman, III Esquire of Raymond, Coleman, & Heinold LLP	Solicitor
Michael Holt of Holt McNally & Associates, Inc.	Auditor
TD Wealth Management	Trustee

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The Chairwoman and Members of the
Bordentown Sewerage Authority
954 Farnsworth Avenue
Bordentown, New Jersey 08505

We have audited the financial accounts and transactions of the Bordentown Sewerage Authority, County of Burlington, State of New Jersey for the year ended November 30, 2019. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised by (*N.J.S.A.40A:11-4*)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate $40,000 except by contract or agreement.

The Authority has a qualified purchasing agent on staff and therefore may award contracts up to $40,000 from without competitive bids.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

In as much as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. The results of our examination did not disclose any discrepancies.

Contracts and Agreements Required to be Advertised by (*N.J.S.A.40A:11-4*) (continued)

The minutes indicated that bids were requested by public advertising and awarded by resolution for the following items in the current fiscal year: Mile Hollow Pump Station Replacement

The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

The examination of expenditures revealed individual payments, contracts or agreements in excess of $6,000 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

The supporting documentation indicated that quotes were requested for all items that required them.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Fund

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and we ascertained that the accumulated withholdings were disbursed to the proper agencies.

Property, Plant & Equipment

The property, plant and equipment subsidiary ledger was maintained properly.

Budget Adoption

The State of New Jersey requires that the Authority's operating and capital budgets be approved and adopted for each fiscal year. The Authority approved its budgets on October 15, 2018 and adopted its budgets on November 19, 2018

Follow-Up of Prior Years' Findings

In accordance with *Government Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. There were no prior year findings.

Acknowledgment

We received the complete cooperation of all the Authority officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountant & Advisors

Medford, New Jersey
June 30, 2020